

COOP'S TECHNOLOGY DIGEST

-A Timely Report On The World Of Communications-

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COOP'S TECHNOLOGY DIGEST

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SKY STATUS UPDATE

CTD for October (9608) reported on the background behind the much rumoured sale of Sky Network Television Limited controlling interest to the New Zealand INL group controlled (reported as 49%) by Rupert Murdoch entities. Highlighting our analysis were gleanings extracted from the December 31, 1995 Financial Statements of Sky; material never previously available in a public forum.

Here is the status of the acquisition by INL as we go to press late in November.

1) The deal seems settled although no public announcement is likely prior to mid-December.

2) Murdoch's INL first approached American part owner TCI in July with an offer TCI quickly decided "was too good to ignore." Sky's ten person board met in the US late in August to further consider the offer which by that point had grown to additional offers for Sky interests presented to all ten Sky stockholders.

3) CTD understands that nine of the ten present Sky owners have agreed to sell their Sky interests to INL. Under the terms of private stockholder agreements and after some negotiation between the present owners, Television New Zealand (presently 16.20%) will actually increase its ownership in Sky to 20% within the framework of the INL acquisition.

There are ten members on the Sky board at the present time; each stockholder is represented, even ESPN's tiny 0.41% has a board seat. Under the new Sky, Television New Zealand is expected to have 2 board seats while INL will hold the remaining 8.

Reasoning for delayed announcement of deal being finalised is complex. Politics heads the list. A feature appearing in The New Zealand Herald (20 November) set the stage when it wrote:

"With Rupert Murdoch's foray into Sky, some politicians are suspicious that what remains of (New Zealand) locally owned media are being swallowed up by two foreign-controlled giants - both confusingly named Independent Newspapers - before any coalition, left-leaning or otherwise, is in place to stop it."

INL wants to be "politically correct" on their take-over of Sky, realising the public is still smarting from Sky's successful grab at major home grown sporting events. They will wait until the present government uncertainty is settled, will then meet with the respective leaders of the coalition elements making up the new government, before making public the detail of their Sky take over.

The delay in INL taking over the operational reins of Sky is going to hurt several pending projects, including their announced start-up of a national multi-channel MPEG digital direct to home satellite service. At one point Sky had hoped to begin operation in April; as we go to press they are being told by satellite uplink supplier Scientific-Atlanta, *"If you want to be operational by June, you must place your order now."* Perhaps fearing how it might impact their own job security after INL takes over, Sky management responsible for the satellite decisions are dragging their feet *"out of consideration to INL and Murdoch"* to give the new controlling owners the opportunity to input their own procedures into the go-to-satellite process.

CTD dealt with this transition process in our October issue, suggesting that Murdoch has a long term relationship with digital IRD receiver supplier Pace. The selection of Scientific-Atlanta as the uplink (ground to satellite) supplier may be "done" from the present Sky perspective, that too could unravel since Murdoch holdings include a controlling interest in English firm DMV (the successor to NTL) which has supplied a number of early digital satellite services with their uplink equipment.

Increasingly, it appears that a June 1997 start will be difficult to manage unless Murdoch personally assigns a priority to getting Sky onto satellite and moves us ahead of several parallel projects in Asia, North America and Europe.

As for programming on satellite, all Sky planning to date has been around relationships the present owners have been able to pull together. By early in 1998 Murdoch's European BSkyB service will have more than 200 programme channels in the air over Europe and these will in turn be fed in "bouquets" (clusters of channels) on demand to other Murdoch DTH businesses world-wide. The only incremental costs involved in upping from 5 or 10 digital programme channels to 200 for Murdoch is an almost insignificant additional overhead for increased satellite transponder space. With the BSky digital facility in England turning out more than 200 simultaneous channels for distribution within Europe, any bouquet or cluster of these programme channels will be available for instant relay to Murdoch DTH packages throughout the world. There is no reason why the new Sky NZ DTH package should be restricted to 5 or 10 programme channels since the cost of creating the programming in England has already been covered by other DTH systems.

Perhaps the portion of Sky's present operation that is most seriously in jeopardy under INL ownership is the terrestrial network. Sooner or later it is bound to occur to INL/Murdoch that the terrestrial system is duplication of coverage and should be made redundant. There is strong business logic to simply announce a changeover date to all-satellite delivery and then push the present terrestrial users to become DTH subscribers. Over the next five years, firms and individuals making money out of Sky's continued use of the terrestrial (UHF TV) network are at some risk.

TVNZ. Some surprise that our public owned SOE broadcaster has chosen to increase its share of Sky. As we pointed out in CTD 9608, TVNZ benefited during 1995 by receiving \$1,931,000 from Sky as a client for "satellite linking services." We interpreted this statement found in the 1995 Sky Financial Report to mean Sky was paying TVNZ to provide downlinks (earth receiving) facilities for some of the Sky programming (which could include Discovery, ESPN and CNN as a start). As the letter reproduced here indicates, TVNZ "does not provide full-time downlinking services to Sky for their CNN, ESPN and Discovery channels." Writer Lewis Woodburn (Manager, TVNZ Satellite

TVNZ SATELLITE SERVICES

FACSIMILE

FROM: **TVNZ Satellite Services**
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P.O. Box 3819, Auckland, New Zealand
Tel No: +64 9 375 0713
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TO: COOP'S TECHNOLOGY DIGEST
FAX#: +64 9 406 1083
ATTN: Robert B. Cooper

DATE: 7 November, 1996 Total Pages: 1

SUBJECT: **COOP'S TECHNOLOGY DIGEST - OCTOBER 31 1996**

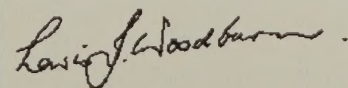
Dear Mr Cooper

Just to put right some of the statements you have printed regarding satellite services provided to Sky Network Ltd. I refer you to page 14 of the October 31 issue.

TVNZ Satellite Services does not provide fulltime downlinking services to Sky for their CNN, ESPN and Discovery channels.

TVNZ Satellite Services does provide long haul satellite carriage which allows Sky to bring to their New Zealand audience sporting, entertainment and news events as those events are happening in other parts of the world. Sky imports a large volume per year of satellited programme material mainly from Europe, North America and Australia which is not available via the CNN and ESPN services. Granted the costs indicated in the Sky report would pay for a quantity of downlink antennas, but that same cost would not even cover a quarter of the cost per annum of operating one satellite transponder let alone the three separate satellite capacities **TVNZ Satellite Services** lease to provide these services.

Best regards



Lewis Woodburn
Manager, **TVNZ Satellite Services**

Services) explains (TVNZ) "*does provide long haul satellite carriage which allows Sky to bring to their New Zealand audience sporting, entertainment and news events*" and further "*Sky imports a large volume per year of satellited programme material mainly from Europe, North America and Australia which is not available via the CNN and ESPN services.*"

The question of how Sky does presently receive ESPN, CNN and Discovery has been confusing for many years. At one time CTD reported a statement from a Sky executive that Telecom provides (some) satellite downlinking to Sky, free of any charge, as a "contribution" from a stockholder. As Sky does not own downlinking dishes for these three services, and TVNZ claims they do not provide these services to Sky, that leaves only Telecom as the service provider. That Telecom will continue to provide such services "without charge to Sky" after INL/Murdoch takes over is unlikely. Sky will either have to install its own downlinking equipment, go to TVNZ for this service, begin to pay Telecom for the service, or, simply discontinue use of the CNN, ESPN and Discovery feeds. As we pointed out in CTD 9608, TVNZ had total revenue of \$13,595,000 from Sky Network during 1995 which translates to 31.2% of the net profit at the SOE for the reporting year.

TVNZ has an "income stream" to protect. They also have to realise that as the development of regional DTH services mature world-wide, a link directly to a Murdoch owned DTH enterprise could have many long term benefits. What might they be?

1) When (not if) INL elects to close down the Sky terrestrial network in favour of satellite-only, the UHF channels which Sky holds could be of some value to TVNZ. They already own through BCL a "national chain" of UHF channels but in the longer term transition from analogue to digital terrestrial telecasting, TVNZ has to be looking for additional channels as well. Being "inside" of Sky when the Sky UHF channels are given up could help.

2) TVNZ cannot be dead certain that a national DTH satellite networks operated by Sky may not turn out to be a good place to also go on satellite as well. This could lead to TVNZ ultimately itself abandoning terrestrial broadcasting in favour of being delivered nation-wide via satellite using the Sky programming bouquet as a carrier. Again, being "inside" with INL would be an advantage; one which competitor TV3 (+ TV4) will not have.

3) As Murdoch comes to control more and more of the world's more desirable sport and news programming sources, TVNZ through its joint ownership of Sky with INL will be in a better position to deal for terrestrial TV rights to these events; again, something competitor TV3 will not be in a position to do.

4) TVNZ floated and then withdrew a plan to produce a trio of satellite delivered programme channels earlier this year (CTD 9604, p. 14). The project died because TVNZ was unable to secure adequate pre-launch sales for the trio of channels to Australian cable operators. By being a co-shareholder with Murdoch in Sky, TVNZ will be in a better position to encourage that Murdoch cable bouquets carry TVNZ created programming designed for foreign cable markets. TVNZ has a sizeable library of programming which it could use to develop several channels of cable programming; what it has lacked until now is an "inside track" to get that programming accepted as a part of a larger "bouquet" of services uplinked and marketed by someone with Murdoch's clout.

These reasons alone (there are others) point out why TVNZ sees an increase of its Sky Network holdings as important for the future development of the SOE. And that brings us back full circle to the political reality of the INL announcement.

One year ago most of the broadcast industry expected that TVNZ would be somehow restructured into a public network (along the lines of BBC-1) and a commercial network with the commercial network most likely spun off to private ownership. With heavy political opposition to this plan (only the National Party really favoured this approach) and a new coalition government, the likelihood that TVNZ will be restructured and then split into separate operations is now very much more unlikely. Within the framework of the Sky satellite service there will be ample opportunity or TVNZ to satisfy government policy makers as well as commercial goals. The marriage with Murdoch may even save TVNZ as we know it for another decade or more. And that is what TVNZ staying with Sky is all about. (For an update on the Murdoch intentions, see p. 13 here.)

UPDATES ON INTERNET VIA SATELLITE: <http://www.baysat.co.nz/baysat>

RAI International Starts Pacific Service - Followed by A Storm of Legal Proceedings

European Bouquet partner RAI International began test transmissions in mid-November which completes the 'channel loading' for the five planned European public television networks originally scheduled to occupy a bouquet transponder on AsiaSat 2. Previously, Germany's Deutsche Welle (DW), France's TV5 and MCM Asia, and Spain's RTVE had initiated service to the Pacific and Asia along with 14 radio programming channels from Europe and North America.

The AsiaSat 2 transponder had originally been leased by German international programmer Deutsche Welle. DW was able to "sell" a sharing of the transponder to government operated RTVE and RAI as well as semiprivate French TV5 and MCM. All have adopted a "free to air" (FTA) MPEG-2 digital format which in theory can be received by virtually any MPEG digital satellite TV receiver. In agreeing to share this transponder, all broadcasters have pledged to leave their transmissions FTA (i.e., not limit access through a conditional access scheme).

Interest in using the service has not been as great as the five had originally forecast. This has largely been due to the extreme shortage of consumer level MPEG-2 satellite receivers (a problem still not resolved) and the very high per-receiver pricing for the professional and semi-professional models available in limited supply. Deutsche Welle, unlike the other television programmers in the bouquet, carries a significant amount of English language programming (10 hours per day). Some cable and terrestrial TV stations have signed carriage agreements with DW; a smaller number have signed for Paris based MCM Asia (a 24 hour music service with up to 40% English content), an even smaller number with TV5 (all French service, originally created for Quebec). RTVE has virtually no commercial users in the Pacific or Asia which is partially explained by the small use of the Spanish language in these world parts. RAI International has always been considered a "special case."

Italian language television programming was first introduced on a daily basis in Australia by a firm that began distributing videotape delayed and satellite fed materials originating from Italy through an MMDS (microwave) service. In Melbourne, in particular, the service has been reasonably successful; a function of the high concentration of Italian immigrants there. When the service began to be sold as an adjunct to the Galaxy MMDS/DTH service package in Australia, interest increased dramatically. More recently, the Italian daily service within Australia has been added to the Optus- Vision cable TV package.

The Italian channel package of programmes distributed within Australia has been under rights held by a Saudi Arabian company, Dallah Albaraka Holding EC. Dallah, in turn, has appointed the Australian firm Australia Arab Media Pty Ltd (AAM) as its exclusive agent and representative.

Within the first week that RAI International appeared within the free to air European bouquet a Victoria firm calling itself Latin International Holdings Pty Ltd (Latin International) took out an advertisement in the Australian-Italian language newspaper Il Globo. That advertisement (November 18th edition, p. 23) said in part:

"Yes, Finally Italy is transmitted directly via AsiaSat satellite. That news has caused more excitement than the launch of the space shuttle.

"We have received hundreds of telephone calls from all over Australia from people who can't believe this; they are happy to hear this news but are still very confused.

"RAI International like many nations all over the world transmit via satellite. FREE, simply to make aware the progress, the technology, the sport and the culture of their language, in this case the Italian language, throughout the world.

"Imagine being the owner of your television station. No monthly payments are necessary and it is completely free.

"RAI International is FREE TO AIR.

"Why pay other businesses for something that is free?"

Overlooking the poor quality of the prose, the advertisement drew heavy response. Latin International was offering for A\$2,750 a complete home dish system capable of picking up the RAI International broadcasts from AsiaSat. And, as a bonus the transmissions of the other four European telecasters plus the 14 'CD quality' radio channels as well.

On November 19, the day following the appearance of the advert in Il Globo, the law firm of Holding Redlich contacted Latin International (LI) on behalf of their client Australia Arab Media Pty Ltd. (AAM). AAM is the firm that supplies the MMDS and OptusVision Italian service channel "for a monthly fee." As you might expect, AAM was not pleased to have their product (Italian television) being offered "free of monthly payments" by LI.

AAM saw in the advertisement (a) LI drawing an "association" between LI and RAI International, (b) the suggestion that RAI International as recently launched on OptusVision cable is available as a free to air service, (c) that RAI International is available directly from the AsiaSat satellite, (d) that viewers can have access to the RAI International channel as packaged by RAI International without subscribing to pay television, and, (e) that there is confusion in the marketplace as to who the correct provider is for RAI International.

AAM believed the advertisement to constitute:

1) An infringement of s.52 of the Trade Practices Act 1974 which prohibits conduct that is misleading or deceptive or likely to mislead or deceive;

2) An infringement of s.53(c) and (d) which prohibits representation that a service has the sponsorship, approval and performance characteristics they do not have.

AAM further demanded that LI agree not to "*market, promote, advertise, offer for sale, sell or otherwise supply any services in the manner referred to in the advertisement.*" They also demanded that LI destroy all promotional materials relating to the provision of RAI International via free to air DTH reception, place a corrective advertisement to denounce its first advert and pay the legal costs of AAM in defending its pay TV services "*which are exclusively the domain of Dallah and AAM.*"

The question of access to the RAI International signal immediately became a brush fire in Australian satellite and Italian circles. Australian regulations that expire this coming July prohibit subscription to "foreign programming" under some circumstances. RAI International is not available by subscription (i.e., it is free to air) via AsiaSat 2. Australian regulations clearly allow anyone with a satellite dish to view such FTA services and the only restrictions that apply are local council regulations that govern dish size and dish placement on residential property.

A similar situation arose in the first quarter of this year when Japanese national telecaster NHK began daily transmissions in FTA analogue using the same PAS-2 satellite. Prior to that time, an Australian firm had secured "rebroadcast rights" to NHK television which it distributed by encrypted analogue to hotels and other facilities primarily along the eastern coastal area of the country. When satellite dealers recognised they had an opportunity to sell "NHK satellite systems" to hotels that had previously been paying a sizeable fee for reception of the encrypted transmissions, advertising in various newspapers began. Pressure was placed on the newspapers to not accept this advertising. Similarly, Italian newspaper Il Globo immediately advised Latin International they would not accept additional advertising for the FTA RAI International systems pending a resolution of the legal questions raised by AAM/Dallah.

The precise nature of the agreement between Saudi firm Dallah and RAI, and the agreement between Dallah and AAM has not been made public. A cursory inspection of the AAM "Italian Channel" carried by Optus and distributed as well by MMDS, and, the current RAI International TV schedule suggests there is almost nothing of a similar nature between the two services. The "Italian Channel" appears to be relying on tape fed programming which essentially has been cherry picked from the best of the various RAI national networks (there are three at this time) while the RAI International schedule seems to be created for the sole purpose of providing an overseas service. RAI International programmes are less timely, more generic than those on the Italian Channel and in truth the Italian Channel offerings probably would have a greater appeal to Italians living in Australia than the AsiaSat 2 service.

In its response to AAM's law firm notice, a Melbourne attorney acting for Latin International made the following points:

1) *"No association was intended to be drawn between our client and RAI International. Our client clearly states that it is a retailer of digital receiver equipment and that such equipment is capable of receiving RAI which is broadcast by AsiaSat satellite service free to air throughout the world."*

2) *"No mention is made of OptusVision in the advertisement. In so far as our client believes that the advertisement implies that the cable network is OptusVision, it maintains that to the best of its knowledge the representations made in the advertisement are true."*

3) *"In respect of the statement that there is some confusion among the public, our client is doing no more than stating a fact. There are members of the public who do not understand that RAI is capable of being received with the aid of our client's equipment. Our client then goes on to explain why this is so. This is an attempt to clear up the confusion and provide the public with information rather than to create confusion."*

The question of similarity between the AsiaSat 2 satellite service and the OptusVision distributed Italian Channel has not been clarified as CTD goes to press. Our own analysis that the services are not identical is based upon cross checking of schedules appearing in guides for both services. Latin International in their response to AAM was not as certain the two services differed in content, and they responded:

4) *"Our client believes that to the best of its knowledge the RAI channel available through the domestic Australian distribution system (i.e., the AAM service) and that distributed by AsiaSat 2 satellite is identical. Our client had no reason at any stage to believe that the RAI service promised on the cable network would be anything but identical. Our client still believes this to be the case and has had no indication to the contrary other than informal and unconfirmed statements received on the 19th of November from your office."*

What appears to be happening here is an attempt on the part of Latin International to suggest to the public that both the pay TV service and the free to air services are of the same content. If the CTD analysis of programming is correct, they are not identical. And if this is the case, then the public in Australia is in fact being offered two different RAI services; one FTA and one via pay TV. Latin apparently would like to see the public "confused" on this issue since it is attempting to sell satellite systems to the same (Italian émigré) people as AAM is attempting to sell a pay TV channel. If the pay TV channel is, in fact, a "better" service, this will make sale of home dish systems for RAI International reception less desirable.

Latin's attorney left the door open on this particular issue when he advised the law firm representing AAM:

"As discussed in our conversation, we will await your client's provision of satisfactory proof that RAI will be making available a materially different service to cable as compared to the satellite transmitted programming. Should your client be able to provide this proof, our client will be pleased to make the appropriate and mutually suitable amendments to its advertisements."

Subsequent to this legal squabble in Australia, Giovanni Chelsi representing RAI International appeared on behalf of his network at the Hong Kong Cable & Satellite Show (November 20-23). There, Chelsi had no official comment on the squabble but did confirm that the AsiaSat 2 free to air service would continue in the FTA format. This will be good news for the many satellite dealers and installers throughout the Pacific who have found interest in the purchase of AsiaSat 2 digital IRD receiving systems because of the presence of RAI within the FTA bouquet. Chelsi pointedly said in Hong Kong that the creation of the AsiaSat 2 feed *"has been built around unique RAI programming which has been precleared for copyright purposes for showing in a free to air environment in the Pacific and Asian markets."*

FREE TO AIR EUROPEAN BOUQUET CONTACTS

Deutsche Welle / Johannes Firsbach tel + 49-221-389-2731 fax + 49 221-389-2784

RAI International / Giovanni Chelsi tel + 39-6-335-4256 fax + 39-6-331-71855

MCM Asia / Manivel Malone tel + 33-1-45-00-13-01 fax + 33-1-45-00-12-73

TV5 Paris / Jim Hodgetts tel + 33-1-44-18-55-71 fax + 33-1-44-18-06-55

RTVE Spain / Julio Ferrero tel + 34-1-581-5407 fax + 34-1-581-5412

World Radio Network / Jeff Cohen tel + 44-171-896-9000 fax + 44-171-896-9007

Taupo Cablevision Inc. Is Ploughing New Ground

New Zealand's newest operating cable television system, Taupo Cablevision, has begun service to subscribers delivering an initial 21 channels of programming. Taupo ("TCI") is owned by a Canadian backed consortium and is approaching the design and operation of the system with a decidedly North American background.

From brand new purpose-built facilities TCI has an array of satellite dishes from 7m to 4.5m in size trained on AsiaSat 2, Palapa C1, PanAmSat 2 and plans to activate additional dishes as large as 10m in size over the coming three months.

TCI is using both aerial and underground cabling techniques, not dissimilar to the practice of both First Media (Auckland and Wellington regions) and Saturn (Lower Hutt Valley, Wellington). The system is being built around a fibre optic backbone (master trunk) with coaxial cable feeders branching out from the fibre network. The system has been designed as a 750 MHz (top end frequency) plant but following a frequency allocation programme adopted in Australia it begins the down stream (cable headend to subscriber) service at 120 MHz and reserves the frequency range below 120 MHz for return path (two-way) applications.

The Taupo region has been divided into segments and each segment is built to completion before cable subscribers are connected in an area. Their present schedule suggests the primary areas of the community will be cabled and operational in stages between now and late 1997. The first segments were turned on and subscribers connected during October.

The system has put together a trio of local programming channels covering announcements, buy/sell/want advertisements and cable network programming guide information. The rates are \$99 (+ gst) for installation and \$35.50 (+ gst) for monthly service. Subscribers are offered a variety of set-top cable converter schemes including an economy model (\$0.50 per week) which "bulk upconverts" the 120 to 408 MHz region to the UHF television band (518 - 806 MHz). This allows subscribers to utilise the existing UHF tuning range of their TVs without more complex set-top converter units and retains all operating controls of the TV (and VCR) remote controls.

TCI has pioneered use of a "horizontal directional boring" technique which allows point to point undergrounding that does not disturb lawns or paved areas, a system now also used by First Media contractors.

Pointedly, TCI literature proclaims, "*The sky is no longer the limit.*"

CABLE TV

IT'S COMING!!

Taupo is Cable Ready!

**Questions, Answers,
Special Coupon, Prizes**

**INSIDE:
PROGRAMMING SURVEY
VOUCHER FOR 60% OFF
UNDERGROUND INSTALLATION**

Just fill out the enclosed survey and
drop it off within 7 days of receiving.

"Minority Protests" Force New Australian Cable Construction Regulations

As previously reported in CTD Australian cable operators OptusVision and competitor Foxtel have run into a hornet's nest of local protest in Sydney suburbs where they have placed cable TV lines on overhead utility poles. The 1996 elected Australian government had promised to look at the problem shortly after assuming office but their decision after investigating was that this was a matter for local councils, the courts and the cable firms to resolve. OptusVision and Foxtel have found the cost of placing cable TV lines underground in some areas running up to 500% higher than their original estimates, and up to 700% more than if the same cables were strung on existing utility poles.

Utility pole ("overhead") installation was always a preference simply because it is cheaper and in most cases faster. But public sentiment has been against the addition of new "wires" to utility poles and that opposition has translated to vigorous protests and court actions by municipal bodies. The courts have ruled that lacking a federal directive which limits use of "overhead" techniques the councils are stuck with the additional wires.

Protests against the addition of wires became vigorous and quite well organised during October. The Sydney suburb of Manly, in particular, became a hot bed of anti-overhead construction and several politicians recognising an opportunity to garner additional political support have made statements to the press which basically have called for a "civil revolt against cable TV lines."

Optus has responded to the protests by increasing their rate of rollout in troublesome Sydney suburbs.

On October 8th, Optus rolled a fleet of trucks into Balgowlah to complete the 80km of aerial cable in just a few days time. Protesters responded to the work crews by organising an action that resulted in clashes between workmen, police and citizens against the aerial cabling. Several arrests resulted and there were



Protesters, led by Warringah MP Tony Abbott uses rollout of Optus aerial lines in Balgowlah as a "photo opportunity." Optus described the protesters as a "hard-core minority that follow us around."

charges by two protesters they had been "mauled" in the incidents which included protesters forming a human chain and laying down in the street to block Optus trucks. .

Optus maintains that under a Supreme Court ruling, they are required to give public notice along with street by street roll out plans. Once that is done and the appropriate amount of time has transpired, they are free to begin construction. The North Sydney region has been the scene of the most vigorous protests although police and media reports seldom mention more than 30 protesters in any single incident. Newspaper photos of protesters appearing at various disruptions to Optus progress seem to indicate, as well, that many of the same people have been involved in the actions which substantiates the Optus statement that the majority of the citizens in the region do want cable TV and are not overly concerned about the overhead construction practice.

Minority or not, on November 21 Minister of Communications Senator Alston reported on a new policy which will phase into effect between now and the first of July. The new policy has the following two main provisions:

1) Cable firms have until 1 July (1997) to complete their construction or face rigid new standards that will involve individual council permission for any new cables installed.

2) Between now and July 1st, cable firms must give four months notice before installing cables under the existing regulations.

As a practical matter, cable firms have a free hand to roll out cables under the existing rules provided they have made municipalities aware in advance of their plans. From the effective date of the new regulations onward, the advance notice period stretches to 120 days (presently it is as little as 7 days) which means councils can do more to control where and when cables are installed through July 1st.

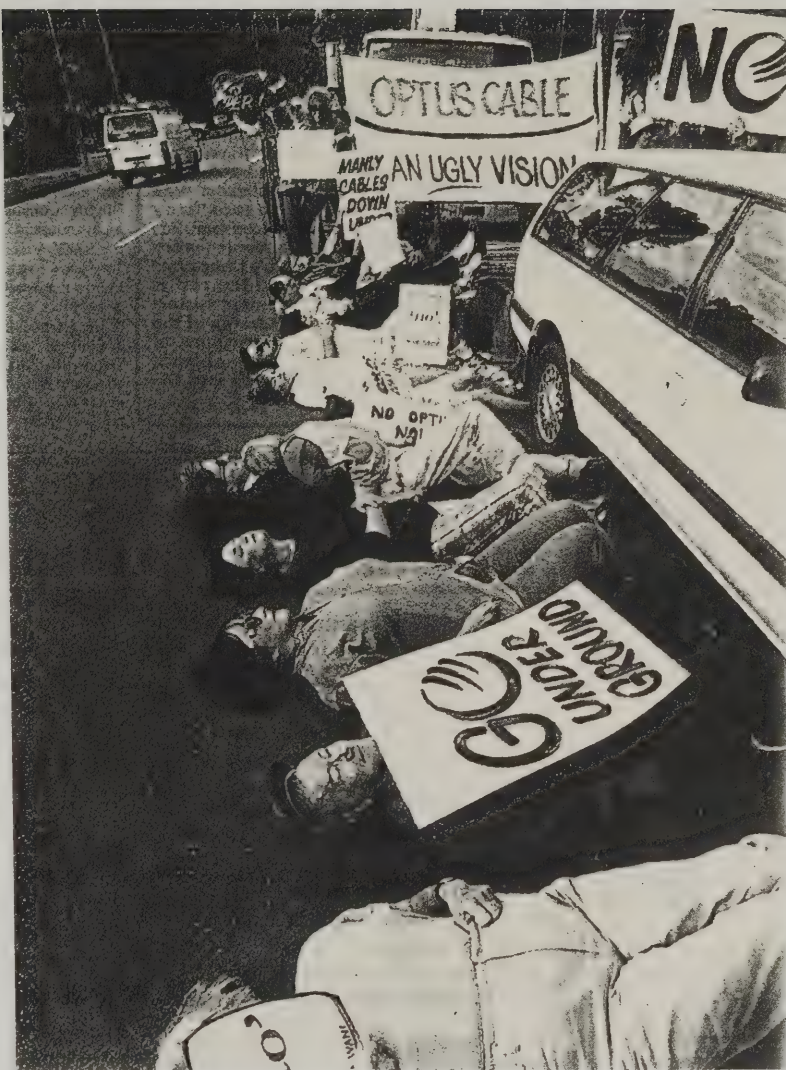
After 1 July there will be additional new rules, some of which present major impediments to new cable construction. They include:

1) All cables will have to be grey in colour "so they will blend better with the environment." This will be an interesting challenge for cable firms since no major supplier of CATV coaxial cables uses an outer jacket colour other than black (some jackets also have a coloured stripe - yellow, red, blue - as well to help cable firms keep multiple cables organised). At the very least, specially coloured cables to meet the new "Australian regulations" will present an interesting marketing opportunity for coaxial cable makers. No other country in the world is known to have such a regulation.

2) All cable TV lines will, at major intersections, be required to go underground. This will also be an interesting challenge to cable system planners since it is at "major intersections" where the greatest degree of "underground clutter" exists which will translate into significantly higher undergrounding costs at intersections.

Following initial announcement of the new regulations November 21, Senator Alston attempted to clarify the action on November 22nd. He noted:

"Telecommunications cables will be forced underground after 1 July unless a local council approves use of aerial (overhead) lines. The powers and immunities contained in the Act, put in place by the minister of the day, gave carriers assurances that they did not have to comply with normal state and territory planning and environmental laws, that they could proceed with a rollout by whatever means was sensible in a commercial sense but subject to a code." In effect, Telstra (Foxtel)



Manly protesters laid down in front of Optus trucks to block aerial cabling; one hour work stoppage as police intervened.

and Optus (OptusVision) have been exempt from the planning laws which require council consultation.

There is some confusion as to when the new interim regulations actually go into effect. After the November 21 announcement, Optus announced plans to speed up the rollout of cabling in the Adelaide region. Simultaneously, the government confirmed that while the new regulations have been adopted by Senator Alston's office with the agreement of backbenchers, the matter still must go before the party at large and the Cabinet. The next Cabinet meeting is scheduled for December 2nd. Local councils, reacting to the announced new regulations, were reported not to be pleased and a spokesman for the Australian Local Government Association noted, "*We are unhappy with the new interim code; it is almost identical to one presented to us as a draft last August which we rejected.*" That there will be considerable lobbying of members of Cabinet prior to the December 2nd scheduled meeting and possibly changes in the announced policy before it goes into effect is generally accepted.

AUSTRALIA'S NEW TELECOMMUNICATIONS CONSTRUCTION CODE

Operators will be required to:

- 1) Use grey instead of black coaxial cable (seemingly this is only to apply to cables that ultimately are installed above ground although this is not properly defined in the announcement)
- 2) Place all (aerial) cables underground at 'major intersections' (the announced rules do not define what constitutes a 'major intersection')
- 3) Make regard to visual impact a mandatory primary consideration (under the present regulations, 'visual impact' is not a primary consideration)
- 4) Use best practice in the installation of towers ('best practice' is not defined; as a matter of fact, towers are not routinely used by cable systems for any purpose other than at their one-only headend sites and there they are subject to a myriad of existing regulations anyhow)
- 5) Heed council direction to nominate at least two alternative tower sites (the "not in my back yard" syndrome)
- 6) Austel (national electrical safety system) to check strict compliance with 'the code'
- 7) Fines up to \$10 million for breaches of the code (clearly an excessive penalty for accidentally using the wrong colour of cable!)
- 8) Be banned from going overhead where there are no existing overhead cables
- 9) Be required to go underground once other cables - particularly power cables - do so.

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TECHNOLOGY BYTES

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November 29, 1996 / Issue 96-09-32

Satellite TV and Radio

MPEG digital signals at a signal level comparable with CNN from the PAS-2 satellite have appeared on JCSAT-3 at 128E on C-band. The signals, at an IF of approximately 970Hz, were first noted November 23, may not be fulltime. JCSAT-3 has been transmitting using their Ku-band segment into Japan the MPEG pay TV signals of Perfect TV! since last April; that service went into a commercial mode on 1 October although it continues to be plagued by numerous software (programme authorisation) problems. The nature of the C-band signals is not identified but there are several possibilities: (1) It is merely a test, possibly designed for rumoured expansion of the Perfect TV! package to the Pacific Island region, (2) It is a new bouquet of Japanese original programming for cable television in Asia and the Pacific (one such bouquet has been announced under the title of JET-TV), (3) It is not MPEG video at all (without an appropriate receiver this cannot be determined) but rather is a test of the new Hughes Network DirecPC medium high speed Internet-direct service (400 kbps). Or, none of the above. JCSAT-3 has several C-band and Ku-band transponders capable of placing relatively high signal levels into Australia and New Zealand (C-band, 3m dish or smaller; Ku-band, 1m dish). Far out option: This is a test to allow measurement by NZ Sky Network of digital service signals into New Zealand from this satellite.

Nokia Mediamaster DVB 9500 S MPEG-2 digital receiver units have arrived in New Zealand; a total disaster! The first unit appeared in the hands of Telsat Communications in the middle of November; out of the box it produced NBC service on PAS-2 but before it could be tried on other services the power supply in the IRD blew up and the unit had to be returned to the European source. The next two units to arrive (November 20) originated in Germany. The on-screen menu and the written manual are in German or Italian (only). That's the good news; the bad news is that the receivers were intended to only work on Ku-band and when the skilled user attempted to override the Ku-band software instructions on the first receiver it locked up and refused to accept any additional commands. The second unit is being carefully guided a small step at a time through the Italian on screen menu as CTD goes to press. The German Nokia source has advised the unit *"probably cannot be utilised on C-band at all"* as now configured and *"we have a Dutch firm attempting to rewrite software for this receiver which will allow it to be used on C-band."* Bottom line? Unless you speak German or Italian with a degree of fluency, can rewrite software and understand the idiosyncrasies of MPEG-2 IRDs, hang-loose sand don't send your credit card numbers off to a European source to be the first kid on your block with a Nokia receiver - at this time. A representative of Nokia at the late November Hong Kong Cable & Satellite Show advised the firm expects a proper English language, C-band compatible receiver to be available sometime in the first quarter of 1997 (January 1 - March 31) with a dealer cost in the range of US\$650.

South African Pace model DVB-500 MPEG-2 IRDs, trouble free and dependable as a medium-high cost FTA digital receiver for the Pacific since mid-August, have a new distressing wrinkle. There are two versions of this receiver - the versions are not explained in the manual nor does the receiver or its shipping carton advise which version you have. Version one is designed for MultiChoice South Africa, a Ku-band conditional access service. The second version, for export, will do either C or Ku bands and while it is equipped with a conditional access module it will perform (as dozens already have, here) in FTA MPEG as well. Three units shipped in during November were, unfortunately the MultiChoice variety. Here is how it differs: MultiChoice, like Australia's Galaxy, uses a tiered programme content rating system. The user is able to use an on screen menu to tell the receiver only to accept programmes of, say, "G" rating. This feature is included as a parental control system making it possible for families to set up the receiver so that adult features are not available to youngsters. As a matter of course, the receiver goes through a checkout at the South African factory where the programme content rating is set in "mid-scale" meaning that programmes rated "R" or above are excluded while those of GP or G quality are allowed through. To change this factory setting, the installer or user must (1) insert their smart card, (2) enter in a programme control access code, (3) call up the programme classification menu, (4) change the programme classification code, and then, (5) exit the menu. All of this sounds straight forward enough (normally it would be done only one time at receiver set-up). Unfortunately, when the DVR-500 receivers are shipped out of South Africa, no smartcard is included. Lacking the smartcard, the export user is unable to modify

MURDOCH v. PACKER - A Showdown in Sydney Courtroom

In preparation for a March scheduled hearing between Kerry Packer and Rupert Murdoch, centred around the Packer bailout of the Australis Media satellite and MMDS pay TV service in Australia, a number of interesting facets behind the struggle for control of Australis have leaked out. Foremost amongst these is the following statement appearing in the Sydney Morning

Herald for November 23rd:

(Foxtel is contracted to pay Australis A\$4.5 billion over 25 years in return for gaining access to premium and general pay TV programming which Australis had tied up. This burden is a financial nightmare for Foxtel and Murdoch and Murdoch has been desperate to get Foxtel out of the deal. Analysts believe as long as this deal exists, Foxtel will never be profitable. Within this programming agreement -)

"is a promise by Foxtel to never offer a satellite pay TV service which would compete with Australis. This is a huge blow to Foxtel. Satellite would allow it to reach a new audience in regional parts of Australia not reached by Telstra (Foxtel) cables."

Which brings us back to the desire of Murdoch to assume control of the New Zealand Sky Television Network, enlarge it to a satellite distributed service and to select a satellite which will also cover Australia as well as New Zealand. Through Foxtel, Murdoch is prohibited from competing with Australis with a satellite direct service. Outside of Foxtel, there are no such restrictions and by taking the New Zealand Sky Network into Australia he is once again able to counter the Kerry Packer move which rescued Australis but left in place the burden of the \$4.5 billion, 25 year agreement which prevents Foxtel from competing head-on with Australis. With Foxtel competitor OptusVision planning their own post-July-1st start-up of a satellite direct pay TV service, the need for Murdoch to have one of his own totally under his control becomes even more acute.

PSkyB is coming soon to a satellite dish near you!

the programme classification limits. Now, translate that into using the receiver with the European Bouquet - which is why most buyers are ordering the DVR-500 in Australia and New Zealand in the first place. None of the EBB programmers rate their programmes and therefore the receiver must be told to respond specifically to programming received that lacks a classification. No smart card - the receiver comes out of the box and locks up on "E42 - wrong programme classification." And without the smartcard - you cannot change the receiver's factory setting. A courier-delivered smartcard shipped from South Africa should solve this particular problem - better yet the receivers shipped in the future not leave the South African factory preloaded with a programme classification limit!

Pace appeared at Hong Kong show without much promised FTA MPEG receiver; took shot at our sister publication SatFACTS Monthly for "*inaccurate reporting of their plans*" and then said they now plan to have a FTA MPEG-2 receiver "*for the Asian and Pacific market sometime in first quarter of 1997 - price range US\$550.*" We remind readers that Pace made a similar announcement last May promising June (1996) delivery.

Skandia Electronics (Melbourne) is expecting delivery of the FTA MPEG-2 SK-888 receiver (SatFACTS Monthly, November 15, p. 6) Monday December 2nd. First shipment of receivers was to have left manufacturing plant 29 November via airfreight. First unit unpacked is to be reshipped to SatFACTS Monthly and hoped-for editorial review in December 15th issue. It will be close - one day slippage in redelivery and the review will be forced into January 15th issue or later.

SPACE Pacific trade association conducted twin meetings over the weekend of November 16-17 in Christchurch and Taupo for members of Satellite Installer/Dealer level and higher classification. Christchurch meeting featured hour long description by patent and copyright expert John G. Rutherford; meeting was videotaped for replay in Taupo. Out of this came consensus that satellite system dealers should better protect themselves from being named as possible "accessories to breaking of copyright laws" by including with their customer paperwork a clear statement that "how the customer uses the satellite system hardware" to "intercept various categories of programming" is beyond the control of the seller/dealer. Concern is that dealers could be named in copyright violation suits if they can be shown to have encouraged retail customers to violate the copyright legislation through the use of offshore programming access sources (including the acquisition of decoders offshore). Definition of what constitutes a "violation of copyright" was difficult to pin down because of the many variables involved. SPACE members are being advised of the latest interpretations directly through their Membership Notes Newsletter and a special members-only session at SPRSCS '97 in Auckland in January will expand upon the subject in forum style.

Eternal Word Television Network (EWTN), Global Catholic Network, is scheduled to begin Pacific Rim 24 hour per day service December 8th on PanAmSat PAS-2 California bouquet. Service will require

FEELINGS RUNNING HIGH - Background on Australian Change in Cable Rollout Regulations

The intensity of public opposition, perhaps a statement about Australian democracy, to Optus Vision placing cable television lines "overhead" can be tracked through the 'Letters to the Editor' page of Australian newspapers. This example from the Manly Daily 31-10-96.

"Strong feelings have been expressed by many Manly residents who felt our streets were violated by the arrogant juggernaut of Optus rolling out its cables in indecent haste, with no intention of negotiating a viable alternative. In respect to statements that some of the anti-Optus posters displayed were indecent, I must state that the organisation Manly Cables Down Under was not responsible for these offensive signs and in fact some of our members initiated removing them from the protest area. Manly Cables Down Under maintains absolute disgust at the unnecessary invasion of our streets by Optus, but the real problem is with the badly-drafted Federal laws which have allowed such corporate vandalism to occur in spite of considerable community concern. Optus have simply exploited the law. Manly Council has made every effort to stand up for its community's clearly expressed wishes and a number of our councillors took the only remaining course of action by demonstrating in public alongside residents to raise awareness of this affront to our basic democratic rights. Unless urgent changes are made to the legislation we will see more overhead cabling by other carriers starting next year. Concerned citizens are urged to write letters to the Prime Minister and to the press.

It remains our choice to say a very definite 'no' to Optus." (P. Marshall, Clontarf)

Not all Optus protesters stop at writing letters. A protest in Newport resulted in a drum of cable being destroyed which brought a warning from Optus they will use the Federal Crimes Act to prosecute anyone involved in damaging their network.

Scientific-Atlanta D9223 MPEG PowerVu receiver, but will be free to air and therefore will not require any fee payment nor conditional access routine. The California bouquet, 3901RF/1249IF Hz, is being reconfigured in advance of the start-up of EWTN as follows: Programme channel (#1) CMT, (#2) Adhoc (CBS), (#3) Adhoc (NBA - National Basketball Association), (#4) EWTN, (#5) BBC World, (#6) Bloomberg Financial, (#7) The Golf Channel, (#8) "Open" (no current assigned user). Those underlined are conditional access as we go to press, others could revert to conditional access without notice. At presstime (#4) is actually in use by ESPN-2 which may be taken off after the realignment. The status of the D9223 receiver from the S-A Sydney office is in something of a turmoil as well. During early November S-A Sydney found itself with five "extra" D9223s in stock; all originally ordered for CMT service and then the order was cancelled leaving the receivers in stock. Normally, S-A has declined to stock D9223 units in Sydney and would only accept orders for them based upon specific needs. Late in November S-A's Sydney office decided this was not the best policy and now say they will routinely stock the commercial D9223 as well as the semi-commercial (and less expensive) D9225 models "in the future." It is the "in the future" part that will cause those interested in having receivers for EWTN some problems initially: S-A was telling customers as we go to press, *"We now have a minimum turn around of four weeks between order entry and delivery to us of the (IRD) receivers."* Four weeks takes us right to the end of the year and with the holiday season upon us, many would-be EWTN viewers will be well into January before the receivers can be made available. Unless. Unless S-A Sydney is able to talk their Toronto factory into speeding up their delivery schedule. The disappointment in this for the many Catholic groups who had suddenly learned of the availability of EWTN, and the special Christmas season programming scheduled on EWTN, is already considerable. Cable operators: Contact for EWTN is Sam Ranelli in Alabama at tel 205-956-9537 (ext 257), fax 205-951-0142 and e-mail sranelli@mail.ewtn.com.

The actual location of Rimsat R41, originally located at 130E but announced to move under rental contract to Filipino operator Agila to 153E late in October, remains in doubt. Australian observers to sister publication SatFACTS Monthly assure us that this satellite remained at 130E as late as November 25th checking; a full month after it was supposed to be flown east for temporary service during a Filipino conference of Southeast Asia ministers to 153E. All of the regular users of 130E (including the much missed RAJ-TV from Madras) disappeared during October although itinerant broadcaster Laos TV remained - and was still evident even late in November.

BSkyB, the Murdoch controlled European DTH service, has passed 5.5 million subscribers in the UK alone; numbers for the balance of Europe (where, in many cases, it is 'bootlegged' in using pirated subscription cards) are unknown. BSKyB has moved up its start date for a 200 programme channel digital DTH universe to "last quarter of 1997" (previously "early 1998") and now confirms it will offer sport on demand and NVOD (movies on near demand) in addition to regularly scheduled TV programme channels. BSKyB also admits to be planning a higher speed Internet access package, similar if not identical to the approach planned by Deutsche Welle for

AUSTRALIAN Cable Internet High Speed Access Status

As reported in CTD 9608 (p. 7), First Media is scheduled to begin trials of "cable modem high speed Internet" access sometime within the first quarter of 1997. In Australia, cable operators (Foxtel) Telstra and Optus have been quietly trialling their own use of the very new to market cable modems hoping to find ways to market the service. Telstra is now testing 10 Mbps cable access in four Melbourne suburbs. Telstra is charging Internet access users \$595 for the cable modem and \$29.95 to be cable connected if they are not yet a cable subscriber. Then they charge A\$95 per month for a package of bundled time that allows up to 25 hours of Internet access. In Australia existing Internet Service Providers (ISPs) average \$40 per month for an hour's time each day. The comparison is not totally fair, however, as cable modem users have an access speed that is in theory 350 times faster than ISP traditional wireline connections.

"In theory" is the operative phrase here: A cable modem that offers 10,000,000 bits per second (compared with ISP <30,000 bits per second) is only as fast as the serving and ongoing Internet connections which the cable headend ("CableISP") can match. In the real world, 10,000,000 bits per second may flow up and down the cable lines but if the cable headend is tied to conventional wireline connections there is an instant bottleneck that brings the effective system speed back down to <30,000 bits per second. For cable, any cable, to deliver the full value of 10,000,000 bits per second, every portion of the "Internet connection" architecture must be capable of operating at this speed or greater. This is not true today. In the best case, local web sites and bulletin boards (i.e., those originating from within the telephone district of the cable headend) can operate to the cable modem at speeds approaching the 10,000,000 bit capacity of the cable system; everything else is no faster or only slightly faster than the telephone line system.

Competitor Optus Vision has begun trials in a handful of school locations (Sydney and Melbourne) but is keeping its commercial plans under wraps at this time.

their Pacific and Asia service beam. BSkyB's dominant parent, News Corp, ended year June 30th with annual revenues of (US)\$10 billion and 40,000 employees.

Internet service via satellite relay at very reasonable pricing approximately A/NZ\$15 per month for unlimited access - is still not set for a definite start date. Service is to be carried within European Bouquet, Deutsche Welle programme channel, and is described in some detail in December/January combination issue of PC Magazine (New Zealand and Australia) on news-stands first week in December. First decoder units for service are scheduled to be shipped into Pacific week of December 2nd but actual start date for service remains uncertain (one report says "March 1997!").

Sky Channel Horse Racing (Australia) did not receive their MPEG digital uplink equipment "on schedule" during November, still promises "early" start-up of MPEG service on AsiaSat 2 but no longer is forecasting window start date. Not to worry - the Pace DVS211 receivers required for this project have not arrived either. The service continues to be in B-MAC encrypted PAL at this time.

MEDIASAT Australia has installed PowerVu equipment to operate an 8 megabit contributory feed from Australia to Los Angeles via PAS-2. The firm has been instrumental in the provision of B-MAC analogue encryption for business and other users of Optus since 1986. No decision has yet been made within Australia as to which of the digital MPEG formats will be selected for conversion of the existing Australian remote television service sites (some 10,000 in all) from B-MAC to digital. MEDIASAT's Paul Mullen, in reviewing installation of the new S-A PowerVu equipment, said, "*We expect to see a migration to PowerVu over the next twelve months*" (within the Australian domestic satellite networks).

US DBS pioneer DirecTV hooked up 2,000,000th customer during October, doubling from 1 million 11 months prior. Trade association SBCA breaks down growth of satellite delivery consumer users as follows: C-band (larger dish) subscribers - 2.31m, Hughes DSS - 2m, Primestar medium (29") Ku dish - 1.55m, Echostar - 235,000, Alphastar - 12,000. The latter two are 1996 service launches, Alphastar only months ago.

Echostar DBS promotion in Boulder, Colorado is unusual. There, cable firm TCI recently had its franchise renewal denied. Echostar is offering a free DISH network DBS package to any Boulder resident who subscribes to their 50 channel level package and presents copy of their most recent cable television bill as proof of being a former TCI customer.

California Amplifier (CalAmp) advance warning. Significant reduction in staffing, wholesale departure of many of the more skilled engineering staff members, insiders warning poor earnings report coming for most recent quarter.

Digital TV and Radio

Who's afraid of Rupert Murdoch? Apparently most of the UK terrestrial TV industry. British Government's Department of National Heritage (DNH) has issued report that warns Independent TV Commission (ITC) to *"have (terrestrial) digital TV up and running as soon as possible, no later than 1998."* Painting scenario that Murdoch's BSky B will bring its own version of digital hardware technology to the UK when it launches up to 200 channels of digital TV late in 1997, DNH warns *"Rupert Murdoch will become a digital gatekeeper"* and his Digi Media Vision (DMV) technology will be the *"defacto standard for digital TV in the UK."* DNH also advises that the BSkyB digital reception hardware planned by Murdoch is for satellite use only, will not function for terrestrial TV service, and consumers who purchase BSky B hardware may ultimately give up being terrestrial TV viewers "at all." One possible solution, asking Murdoch to license his satellite technology for terrestrial hardware use to encourage a dual purpose (terrestrial + satellite) IRD, is being considered.

Toshiba has announced availability of new single chip MPEG-2 decoder suitable for use in satellite or set-top box decoders. Part number TC81220F has small quantity sample pricing of US\$100.

Consumer Electronics

Major Hollywood studios have hired "independent consulting firm" to test robustness of the new DVD (digital video disc) encryption system. Studios believe they cannot afford to back an encryption system which *"might be easily cracked by hackers and the information spread world-wide on Internet."* The studios acknowledge that no encryption system sold into a consumer world-wide mass market can be so robust as to preclude ever being hacked (codes broken). Consultants will be using piracy techniques and it is rumoured top piracy personnel to spend up to 60 days trying to unlock the encryption routine. The studios anticipate the encryption system will be cracked during the tests, and from this they will ask for modifications of the encryption system before DVD becomes a commodity in the marketplace. DVD discs will have scrambled video (audio) which a decryption chip will unscramble in the player machine. Why? To prevent casual copying of DVD content directly from the discs and to prevent direct disc copying by high speed duplicators. Meanwhile in Japan, Toshiba and Matsushita went ahead with their own DVD product launch November 1. Critics are saying the two firms are putting early purchasing consumers "at risk" because the players being sold may not ultimately be compatible with the discs that will finally appear in the marketplace sometime in 1997. In fact, Tokyo launch was marred by revelations that players "jam" and "freeze frame" when playing some of the Japanese created karaoke discs available at launch. Similar Japanese created discs featuring combination of music and video stills of artist also displayed unusual artefacts. Toshiba reacted by cliff-hanger stop of product release after units were in stores. At the present time a number of multimedia firms have released narrow-interest discs using the format which exists as a paper standard. The paper "standard" draws largely from technology developed by Matsushita. Best case release of DVD into world market? Second quarter 1997.

Thomson Consumer Electronics (USA) has begun major marketing campaign which headlines newspaper adverts: *"Pay Nothing Down, Pay Nothing until January 1998"* in effort to spur holiday buying on selected consumer electronic equipment. Firm is offering 35"/889mm colour TV, array of rear projection TVs, 6 models of 8mm camcorders, 5 VHS-C camcorders and DSS (satellite) reception system under promotional plan. Thomson is not only firm employing such year end techniques; Mitsubishi and Sony have similar promotions ready to go and Sony promotion applies to any Sony products that carry list price of \$500 or more.

Global PC market headed for 16% gain over 1995 at current sales rates. Market leaders are Compaq (10.5%), IBM (9%), Packard Bell NEC (5.7%) and Apple (5.6%).

Hitachi has announced tiny MPEG digital camcorder measuring 3.3" x 5.6" x 2.2" weighing 19.3 ounces. Using disc rather than tape, camcorder can record 20 minutes of full motion video, or, 4,000 stills, or, 4 hours of continuous audio (music). Purpose of camcorder is to allow PC users to shoot still or motion shots for direct connection to home PC where shots can be edited, stored, merged or manipulated. Pricing not yet announced but believed to be in region of US\$2,000.

Pioneer (Japan) call for voluntary early retirement of employees with five years or more company service (CTD 9607, p. 13), expected to create reduction in work force by 650 - went better than expected. 998 employees ultimately qualified for early benefits, in response to company statement that "severe business conditions" in Japan prompted the cutback.

e-mail access to speeches by members of (US) Federal Communications Commission is new. List server with speech text is subscribe@info.fcc.gov, leave subject line blank and in body of message type subscribe speeches [your name].

Cable/Fibre/MMDS/Pay TV

Contracts for cable operators from Sky, first offered last July and then withdrawn in August, are likely to be held up until after the anticipated official announcement that controlling interest has been purchased by

INL/Murdoch. If - if the contracts are then issued, expect they will be for one year only. Reason? Sky now realises that as the New Zealand 1994 Copyright Law has been framed, a cable operator can request review of the Sky offering by the Copyright Tribunal merely on the basis of not agreeing with the charges set out by Sky as an offering ("scheme") to the cable operator. Sky believes they can get the 1994 law revised by the New Zealand Parliament, but also believe they will need better part of 1997 to get this revision through legislative body. That Sky or anyone might wish to reopen the 1994 law in 1997 could be a bottomless pit of revisions; there are many groups severely impacted by the 1994 law who would welcome the opportunity to have it revisited by an appropriate series of public hearings.

Major UK merger involving telephone operator Mercury (Cable & Wireless), Nynex (2nd largest UK operator), Bell Cablemedia (3rd largest UK cable operator), and Videotron (7th largest) will create new entity that will rival BT. Combined resources will pass 25% of all of Britain's TV households (6.3 million). BT has been badly stung by cable telephony offerings from high tech cable TV firms and is prevented by statute from entering the TV business in UK before 2001. This gives competitors 5 more years to grow and consolidate fibre optic based plants.

STAR TV Southeast Asia service (CTD 9607, p. 6) is conducting quiet study of potential offered by New Zealand cable operations to provide a subscription base for programming sales here. Consultant employed for study has looked at present state and projections over five years of likely cable subscription numbers within country. It may not be the Palapa C2M service they are studying at all given the Murdoch "interest" in Sky Network here. Cable operators are being told, "*Stay tuned - something is likely to happen here, soon.*" True - but Palapa C2M is not the likely 'bird of delivery'.

NSW local governments have commissioned an engineering study to determine the cost of placing all overheads cabling underground; the result of public outcry with the addition of aerial cable TV lines to existing overhead plants. The early study results suggests the "average" land owning rate payer can expect to pay an extra (tax) levy of A\$5 to 10 per week for a period of 20 years to cover the cost of making all utility lines disappear underground. The Woollahra Council plans to ask rate payers in a July voting notice if they are willing to pay the cost of such a plan; an earlier study brought a ten percent "yes" to pay response. Adjacent Mossman Council obtained an estimate that placing just the Optus cable TV lines underground would cost someone A\$28 million more than the aerial installation. Most of the citizens who claim to be outraged by the placement of cable lines overhead and who are at the same time demanding that all utility lines go underground post haste are equally against rate payers participating in the costs of undergrounding. The survey found most underground proponents taking one of two positions regarding "who" should pay: "State/Federal government" and "the utility companies" are equally cited for this burden. That either of these or a combination of these paying the costs would immediately become a new burden for the population as a whole seems to have been lost in analysis done to date. Apparently most Australians still believe in Santa Claus.

Israeli Tax Authority sent 70 agents into Jerusalem offices of News Datacom Research Ltd. carrying search warrants naming Rupert Murdoch and other officials. Tax authorities told press the raid was part of investigation on whether company had evaded taxes on estimated (US)\$150 million in profits on smartcard products headquartered there. News Datacom spokesman denied there have been tax irregularities, blamed raid on "disgruntled former employee."

"Pay per round" will be used by (USA) Cablevision System for next Mike Tyson boxing match. Cable subscribers choosing fight will agree to pay (US) \$9.95 per completed round up to maximum of \$49.95. In past, pay-per-fight charges have been closer to \$40. However, Tyson fights since rejoining sporting world have average 4.5 minutes (1 and a half rounds) which have led to criticism from fight fans. One concern - with fighters sharing in purse there will be incentive to drag fights out through at least 5 complete rounds to maximise their own earnings.

Extensive American study of who watches and uses home shopping channel programming reveals: 4% watch "frequently," 11.5% "occasionally," 22.8% "rarely" and balance (62%) "never." Of those who do watch, majority (50.7%) view "late at night" and 39% admit to having purchased products.

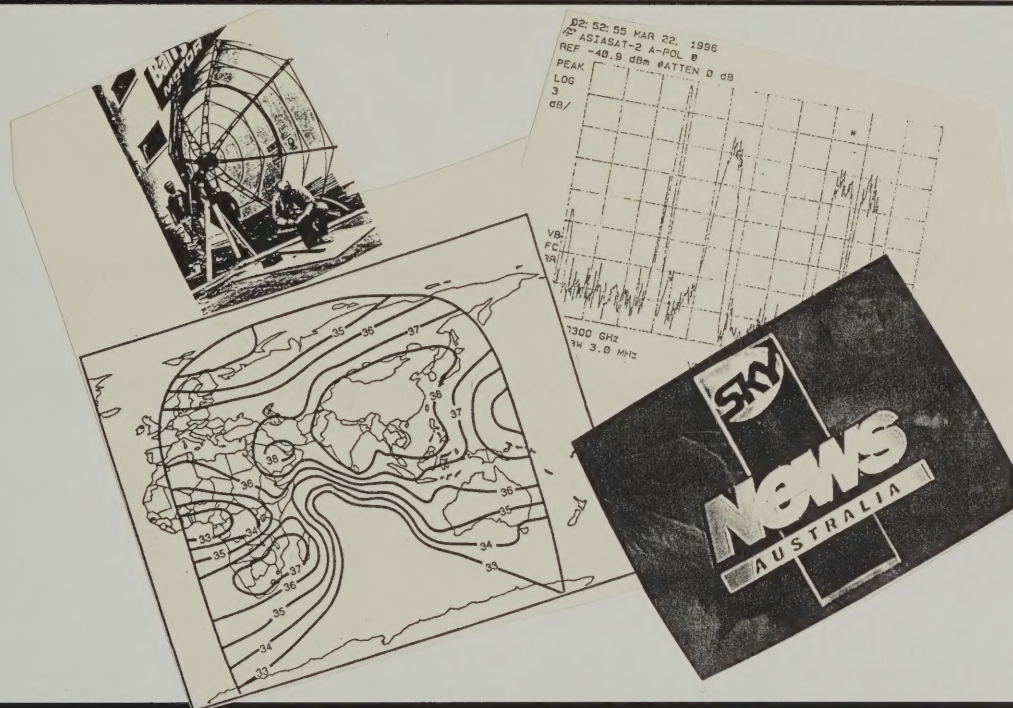
Terrestrial Broadcasting

Candidate quote of the month from the inner workings of Sky Network Ltd: "*The reshuffling of ownership is a matter for the board of directors and stockholders; we have a business to run on a daily basis and we must continue with our own advance planning without regard to what could or might happen after the ownership changes hands.*"

If Sky Network was to launch its satellite direct service on schedule in midyear (1997), do not be surprised to find two full-time sport channels on board; the existing ESPN-plus service and a new service. The overload of sport programming is causing significant problems in scheduling resulting in more and more sport being moved to 'The Orange Channel' while at the same time additional sport programming is being passed over (example: ESPN-2 heavy coverage of auto racing). Our SatFACTS Monthly publication for November 15th reported:

"Strange if true department: Sky claims they will distribute 'BBC World' via satellite as a part of their programme bouquet" and when BBC was asked about this by New Zealand cable operator Taupo Cablevision, they responded - "Oh! We didn't know they had announced that yet!". There will probably turn out to be more to BBC World being a part of the Sky Network bouquet for satellite than a mere shift from TVNZ. Recent New Zealand press reports have reported TVNZ is losing in excess of NZ\$10 million per year in the operation of its five Horizon Pacific regional stations and is attracting an average audience of under 18,000 homes per week. A report in The New Zealand Herald quoted a TVNZ staffer as adding, "We have no programme schedules planned for the regional stations beyond February." That may not be unusual but that BBC has in an offhanded way admitted they have a deal to distribute the 24 hour BBC World service through the Sky satellite service at least strongly suggests there may well be some TVNZ involvement within the Sky Network bouquet on satellite in the works. All of this could turn out to be foolish use of printing ink and paper if INL comes into Sky and begins a wholesale revision of both programming and channel use.

Confused by 21st Century **Hieroglyphics?**



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